

#1-11

BULLETIN

February 2, 2011

1. FFELP Special Allowance Rates for the Quarter ending December 31, 2010

Commercial Paper Rate – the average bond equivalent rate for 3-month commercial paper was 0.26 percent

Treasury Bill Rate – the average bond equivalent rate of 91-day Treasury Bills was 0.14 percent.

2. HHS Issues 2011 Poverty Guidelines

A *Federal Register* contains a [notice](#) from the Department of Health and Human Services that contains the updated 2011 poverty guidelines. The guidelines account for last calendar year's increase in prices as measured by the Consumer Price Index. The guidelines will take effect beginning January 20, 2011. The HHS poverty guidelines are used in setting eligibility criteria for a number of federal programs and are also used to determine federal student aid in areas such as income-based repayment and income-contingent repayment plans, as well as the economic hardship deferment.

Poverty guidelines for a family of 2 are as follows:

- For the 48 Contiguous States and the District of Columbia: \$14,710
- Alaska: \$18,380
- Hawaii: \$16,930

3. FY 2009 Draft Cohort Default Rates

Under the new Cohort Default Rate provisions, an institution's CDR is calculated as the percentage of borrowers in the cohort who default before the end of the second fiscal year following the fiscal year in which the borrowers entered repayment. This represents a one year extension of the default monitoring period. **The FY 2009 cohort (borrowers who entered repayment between October 1, 2008 and September 30, 2009) is the first CDR calculation using the new standard.** Thus, an institution's FY 2009 three-year CDR will be the percentage of its borrowers who were included in the 2009 cohort who subsequently default on or before September 30, 2011. The FY 2009 Draft three-year rates will be provided to institutions in February of 2012 with official rates released in September of 2012.

Beginning in 2014, only three-year rates will be published since at that time, three years of three-year rates would have been calculated (FY 2009 published in 2012, FY 2010 published in 2013, and FY 2011 published in 2014).

4. Common Manual Updates

Batch 171 & 172 *Common Manual* policy changes include the topics of:

- Program Participation Agreement and Voter Registration
- Relief from the Consequences of Cohort Default Rates
- Definition of "Institution of Higher Education"
- Loan Funds Delivered to a Student Who Subsequently Drops to Less-Than-Half-Time Enrollment
- Civil Legal Assistance Attorney Student Loan Repayment Program
- Exceptional Performer Claim Designation
- Prorated Stafford Annual Loan Limits

Policy Changes Approved

Batch 171: Proposals 1219 – 1222

Batch 172: Proposals 1223 – 1225

The nation's guarantors provide the following summaries to inform schools, lenders, and servicers of the latest *Common Manual* policy changes. These changes will appear in the manual's next annual update. These changes will also be incorporated into the *Integrated Common Manual*. The *Integrated Common Manual* is available on several guarantor websites, and it is also available on the *Common Manual's* website at www.commonmanual.org. Please carefully note the effective date of each policy change.

Program Participation Agreement and Voter Registration

The *Common Manual* has been updated with statutory provisions incorporated by the Higher Education Opportunity Act. A school located in a state not covered by section 4(b) of the National Voter Registration Act (commonly known as the Motor Voter Registration Act) must make a good faith effort to distribute a mail voter registration form to each enrolled student physically in attendance at the school and to make the forms widely available. A school may also comply with this requirement by electronically transmitting a message to the student that is devoted exclusively to voter registration and that contains either of the following:

- A voter registration form acceptable for use in the state in which the school is located.
- An Internet address where such a form can be downloaded.

Affected Sections:	4.1.A Establishing Eligibility
Effective Date:	Voter registration information distributed by a school on or after August 14, 2008.
Basis:	§493(a)(1)(A) of the Higher Education Opportunity Act (HEOA), P.L. 110-315; HEA §487(a)(23)(D).
Policy Information:	1291/171
Guarantor Comments:	None.

Relief from the Consequences of Cohort Default Rates

The *Common Manual* has been revised to conform to a final rule change published in the *Federal Register* dated October 28, 2009. Manual language regarding the exemption for some historically black colleges and universities (HBCUs), and tribally controlled and Navajo community colleges has been deleted. These schools will no longer qualify for an exemption from the loss of FFELP, FDLP, or Federal Pell Grant Program eligibility based on cohort default rates in excess of applicable thresholds.

Affected Sections:	16.1 Overview of Cohort Default Rates and Terminology 16.4 School Official Cohort Default Rates, Adjustments, and Appeals 16.4.B School Appeals
Effective Date:	Official FY 2003 cohort default rates.
Basis:	§668.198 (removed); <i>Federal Register</i> dated October 28, 2009, p. 55651.
Policy Information:	1220/171
Guarantor Comments:	None.

Definition of “institution of Higher Education”

The *Common Manual* has been revised to acknowledge a provision of the Higher Education Opportunity Act that modifies the glossary definition of “institution of higher education.” An institution of higher education is any of the following:

- A school that admits as a regular student one who received a secondary education in a home school setting that is treated as a home school or a private school under state law.
- A school that admits as a regular student one who will be dually or concurrently enrolled in a secondary school. However, a school must not award Title IV funds for postsecondary enrollment to a student who is concurrently enrolled in a secondary school.
- A school that does not offer a bachelor’s degree or a two-year degree, but offers a degree that is acceptable toward a graduate or professional degree program, subject to the Department’s review and approval.

Affected Sections:	Appendix G
Effective Date:	July 1, 2010.
Basis:	§101(a)(2) of the Higher Education Opportunity Act (HEOA), P.L. 110-315; HEA §101(a) and (b); §600.4; DCL GEN-08-12.
Policy Information:	1221/171
Guarantor Comments:	None.

Loan Funds Delivered to a Student Who Subsequently Drops to Less-Than-Half-Time Enrollment

The *Common Manual* has been revised to clarify that, in the case of a student that drops to less-than-half-time status, but is still enrolled, the school does not perform a return of Title IV funds calculation and is not required to return a Stafford or PLUS loan disbursement that the school delivered when the student was enrolled at least half time.

Affected Sections:	8.9.C Return of Unearned Loan Funds
Effective Date:	Students who drop to less-than-half-time enrollment on or after the publication date of DCL GEN-00-24.
Basis:	DCL GEN-00-24
Policy Information:	1222/171
Guarantor Comments:	None.

Civil Legal Assistance Attorney Student Loan Repayment Program

The *Common Manual* has been updated with detailed information about the Civil Legal Assistance Attorney Student Loan Repayment Program that was published in the *Federal Register* on July 7, 2010, including links from the notice to the Civil Legal Assistance Attorney Student Loan Repayment Program Questions and Answers document and the 2010 Civil Legal Assistance Attorney Student Loan Repayment Program Application to Participate and Service Agreement.

Affected Sections:	2.3.C Common Forms 13.9.C Loan Repayment Program for Civil Legal Assistance Attorneys
Effective Date:	July 7, 2010.
Basis:	Federal Register notice dated July 7, 2010, including links from the notice to the Civil Legal Assistance Attorney Student Loan Repayment Program Questions and Answers and the 2010 Civil Legal Assistance Attorney Student Loan Repayment Program Application to Participate and Service Agreement form.
Policy Information:	1223/172
Guarantor Comments:	None.

Exceptional Performer Claim Designation

The *Common Manual* has been revised to remove unnecessary language that relates to the exceptional performer designation that was eliminated by the College Cost Reduction and Access Act of 2007. Information about the exceptional performer designation can be found in the History Appendix.

Affected Sections:	13.1.A Claim Filing Requirements Appendix G
Effective Date:	Claims originally filed by a lender on or after October 1, 2007.
Basis:	HEA §428(c)(1), and §428I, and §438(b)(5), as amended by the College Cost Reduction and Access Act (P.L. 110-84).
Policy Information:	1224/172
Guarantor Comments:	None.

Prorated Stafford Annual Loan Limits

The *Common Manual* has been updated by removing redundant information from Figure 6-4, Stafford Annual and Aggregate Loan Limits for Undergraduate Students. Information regarding proration calculations for Stafford annual loan limits can be found in Figure 6-5, Prorated Stafford Annual Loan Limits.

Affected Sections:	Figure 6-4 Stafford Annual and Aggregate Loan Limits for Undergraduate Students
Effective Date:	Not applicable.
Basis:	None.
Policy Information:	1225/172
Guarantor Comments:	None.